

How Do I Pay for School?

Did you know that you can start planning and saving for your college education now? Yes – even in junior high school! For example, there are activities you can involve yourself in now that will help make you eligible for scholarships later such as extra-curricular activities, community service, organizations outside of school such as 4-H or FFA. And, of course, the classes you take and the grades you earn will also help you get scholarships.

You can also develop a savings plan now to help cover the cost of a college in the future. Additionally, there are grants and loan programs available to help you finance your post-secondary education. The following is information that will help you start planning for your future NOW!

First, a bit of advice when getting ready to go to college:

- 1) Apply for lots of scholarships—even if you're not sure you will get it. Apply anyway...what does it hurt? And you may be surprised to see how many you qualify for!
 - There are two main types of scholarships: merit-based and needs-based.
 - Merit-based means you earn a scholarship primarily on academic performance.
 - Needs-based means you earn a scholarship based on academic performance AND financial need.
 - Remember, with virtually any type of scholarship, extra-curricular activities both in and outside of school will boost your chances of getting a scholarship. It is also important to know that not every scholarship requires stellar grades. For example, there are quite a few scholarship programs that will award students with a GPA of 2.5.
- 2) Fill out the FAFSA (<http://www.fafsa.ed.gov>). It's free, and filling it out doesn't mean you HAVE to borrow money, but it may qualify you for grants or other financial aid money that you won't have to pay back.

If you are not sure about how to apply for scholarships or how to fill out the FAFSA, ask your high school counselor for help.

Make sure you also check with the college you want to attend; they may have scholarship opportunities you are not aware of and they can also help you with the FAFSA. The best place to contact at the college is the Financial Aid office.

There is also a great web site, <http://www.collegeboard.com/student/pay/index.html>, which helps students and parents plan for college, including financial planning.

Once you are in college:

- Continue applying for scholarships and, if necessary, grants or financial aid. Colleges often have scholarships available through certain programs of study. For example, if you are a Criminal Justice major, that department usually has scholarships available specifically for students in that major.
- Colleges also offer work-study programs to help students off-set the cost of attendance. These are great because they offer flexible hours to work around a student's class schedule, whereas a "regular" job outside of campus may not do that, which forces a student to choose between going to school or working.

Are scholarships and financial aid such as grants or loans the *only* way you can pay for college?

- Absolutely not. You can, and should if possible, start a savings plan for college. Start now while you still have a few years before paying that first tuition bill! So should you start stuffing money for college under your mattress or in your favorite piggy bank? Perhaps that is one way, but there are other ways too.

Things to consider when saving for college:

Time Is Money!! There are lots of ready-made savings vehicles that make saving for college easy. Here are some of the most popular choices:

➤ **State 529 College Savings Programs**

These programs allow you to save money for college through state-sponsored investment accounts.

- Earnings and withdrawals are federal tax-free.
- You can use the funds at any college or university, in any state.
- Funds are treated as parental assets—current financial aid formulas only count a maximum of 5.6% of parental assets when calculating a family's need figure.
- For more information, see <http://www.collegeboard.com/student/pay/add-it-up/8850.html>.

➤ **State 529 Prepaid Tuition Programs**

These programs allow you to lock into the tuition price being charged at the state's public universities in the year when you're enrolled in the program.

- Earnings are guaranteed by the state to match in-state public tuition inflation.
- Most programs allow accumulated funds to be transferred to private or out-of-state schools, but then require you to pay the difference between the prepaid tuition price and the current price of tuition at the out-of-state school.
- For more information, see <http://www.collegeboard.com/student/pay/add-it-up/8851.html>.

➤ **Roth IRA**

You may withdraw your contributions to a Roth IRA to pay for college expenses without having to pay either income tax or the ten percent early withdrawal penalty. Any investment earnings in your Roth IRA are also available for withdrawal without the ten percent penalty, but subject to regular income tax. You may withdraw investment earnings tax-free if you're over 59 1/2 and you've had your Roth IRA for at least five years.

Check it out!

➤ **Calculate your savings**

Use the online College Savings Calculator, http://apps.collegeboard.com/fincalc/college_savings.jsp, to see how your savings will grow over time.

Other options:

You can check with the college you plan to attend to see what kind of plans they offer when it comes to paying the bill. Some offer payment plans where you pay smaller amounts throughout the semester (i.e. once a month) instead of paying it all in one lump sum. Others offer a “locked-in” tuition program where your tuition costs are guaranteed to never increase while you’re pursuing your degree.

A final word:

As a review, start planning for college NOW. Check out multiple scholarship opportunities and apply for as many as you can – don’t forget to check out local scholarships from your community businesses too! Fill out the FAFSA, start a savings plan, and check out other financing options your college may offer. Finally, go to your high school counselor or contact the financial aid office for help. There are many, many resources out there that can help you finance your college education, and the return on the investment is well worth it!